



## Legislative Fiscal Bureau

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TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: 2013 Act 20 Fiscal Estimate of Implementation or Rejection of Common Core Standards

The 2013-15 budget (2013 Act 20), requires this office, in consultation with the Department of Public Instruction (DPI), to estimate by September 1, 2013, the fiscal impact to the state if DPI takes either of the following actions: (a) fully implements the adoption of the common core standards; or (b) discontinues the implementation of the common core standards and adopts other college and career readiness standards. This memorandum was prepared to comply with this Act 20 directive.

### Background

*Academic Standards.* Academic standards are benchmark measures that define what all students should know and be able to do in given academic subjects at each grade level. Standards are intended to ensure educational quality, as well as fairness, in that all students are expected to achieve certain minimum levels of knowledge, competence, and skill. Standards do not dictate curriculum or instruction, which is a prescribed learning plan including instructional content, resources, and materials and how teachers teach that content. However, standards are a foundation, driving a curriculum's design and concepts. States were initially required to create or adopt academic standards for schools under the 1994 reauthorization of the Elementary and Secondary Education Act (ESEA), which was also known as the "Improving America's Schools Act."

In June, 2010, the State Superintendent issued a proclamation adopting the Common Core State Standards as the basis for curriculum, instruction, and assessment in English language arts and mathematics in Wisconsin. The common core standards were jointly developed as a set of "college and career readiness" standards, under the auspices of the National Governor's Association and the Council of Chief State School Officers, called the Common Core State Standards Initiative. Two work groups were convened to develop the standards, primarily composed of individuals employed by ACT, the College Board, and Achieve, a nonprofit

education policy organization, funded by corporate interests and foundations, which advocates for and provides technical assistance in a variety of education reforms. The standards were benchmarked using existing assessments including the National Assessment of Educational Progress (NAEP) and the Trends in International Mathematics and Science Study (TIMSS), as well as the academic standards in place in countries around the world that demonstrate high student achievement (including Australia [by state], Belgium, Canada [by province], China, Finland, Ireland, Japan, Korea, New Zealand, Singapore, the United Kingdom, and others).

According to ACT and the College Board, both the ACT and SAT, as well as the PSAT and Advanced Placement tests, align to a large degree with the common core. Members of feedback groups, which provided expert input on drafts of the standards, included primarily education researchers from colleges and universities across the country. The draft standards were then provided to state education agencies, including DPI, for further review. DPI engaged statewide educator leadership teams for language arts and mathematics in this review process, and staff for the Department indicate that school districts have been supportive of the new standards. There was also a three-week comment period in which the draft standards were posted online, in order to gather public feedback.

While adoption was voluntary for states, 45 states and the District of Columbia have chosen to adopt the common core. Some have suggested that the common core was rapidly adopted due to the assumption that states that did not adopt the new standards would not be eligible for Race to the Top grants under the American Recovery and Reinvestment Act. In order to qualify for Race to the Top and, later, flexibility waivers offered by the U.S. Education Department under the 2001 reauthorization of the Elementary and Secondary Education Act (also known as the "No Child Left Behind Act"), states were required to adopt "college and career ready" standards for English language arts/reading and mathematics in kindergarten through 12<sup>th</sup> grade. This requirement is fulfilled by adoption of the common core standards. Also, in Wisconsin's case, the state's prior "model academic standards" covered an array of topics--21 separate content areas--but were criticized for a lack of depth. In contrast, the common core standards are detailed, rigorous, and specific. The state's prior standards in reading/language and mathematics were not considered "college and career ready."

The U.S. Education Department has defined college and career readiness standards as content standards that specify what students should know, and the skills students should acquire, at each grade level in order to build towards being college and career ready upon their high school graduation. The Department specified that a state's college and career ready standards must be either: (a) standards that are common to a significant number of states; or (b) standards that are approved by a state network of higher education institutions, which must certify that students who meet the standards will not need remedial course work at the postsecondary level. Further, the U.S. Education Department has deemed the common core standards to be college and career ready. With their adoption by the State Superintendent, the common core standards for English language arts and mathematics replaced the state's prior academic standards in those subject areas.

The common core standards are a specific set of content knowledge and foundational skills, designed to prepare students to succeed in college and the workforce by high school graduation. The standards for English language arts include literacy skills across various disciplines, with an emphasis on reading for information, as well as speaking and listening skills, writing skills, and

language skills. The reading standards, as one example, require students to identify and explain theme, structure, plot, narrative point of view, figurative meaning, and to compare and contrast different forms and genres. The standards require exposure to a wide variety of texts, both literature and informational text from a range of periods and cultures, with students learning to read closely and analytically, while reading increasingly complex texts as they progress through the grade levels (complexity is measured in terms of levels of meaning, complex or unconventional structure, ambiguous or archaic language, etc.). While the standards include examples of texts that would meet the range, quality, and complexity expected of students in each grade band, no specific content or text is required by the standards. It is left to local school boards and teachers in Wisconsin, or to state boards of education in other states, to determine the specific curriculum, texts, and materials to be used in classrooms.

*Assessments.* In order to be useful as a tool for measuring student achievement, standardized pupil assessments must be aligned with the academic standards guiding instruction in schools, so that all students are taught the essential skills and content knowledge tested on the exam, at approximately the same times in their school careers. In September, 2010, the federal Education Department awarded a four-year \$160 million grant, and later, a second \$16 million grant, from funds provided under ARRA to the Smarter Balanced Assessment Consortium to fund the development costs of a new, comprehensive assessment system. Wisconsin is a governing state of the 30-state consortium that has collaborated to develop the new student assessment system, to be aligned with the common core standards. The consortium was given four years to develop a valid assessment, with implementation required by 2014-15.

The new Smarter Balanced assessment is intended to fulfill both state and federal accountability requirements in English and mathematics, using computer-adaptive testing. This type of test adjusts the difficulty level of questions based on prior answers, in order to produce a more accurate measurement of pupils' knowledge and skills. The system would also include benchmark assessments for use throughout the school year, to help guide classroom instruction. Smarter Balanced is being field-tested in 2013-14, and the exam would replace the mathematics, reading, and language arts portions of state's current assessment system (the Wisconsin knowledge and concepts exams or WKCE) in 3<sup>rd</sup> through 8<sup>th</sup> grades beginning in 2014-15. Under 2011 Act 32 (the 2011-13 state budget), DPI was required to replace the WKCE with a new assessment, developed either by the Smarter Balanced consortium or another entity through a request-for-proposals process that would measure mastery of the common core, beginning in 2014-15.

DPI requested in its 2013-15 agency budget request that, rather than implement the Smarter Balanced test in high school, the state instead implement mandatory ACT testing for all high school students. This request was ultimately approved as part of 2013 Act 20. The ACT company's Explore is the first test of the suite, and will be administered to all 9<sup>th</sup> grade pupils twice in 9<sup>th</sup> grade, once in the fall and once in the spring. Plan is the second test, which will be administered to all 10<sup>th</sup> grade pupils. Finally, the ACT will be administered to all high school juniors. All three exams test pupils in English, mathematics, reading, and science reasoning. Families who previously would have paid for their student to take the ACT will be able to take the exam free of charge. (In 2012-13, the fee to take the ACT, including an optional writing test, was approximately \$50.) The ACT is primarily known as a college entrance exam, and, in studies funded by ACT, Inc., the exam's results have been shown to correlate with a student's subsequent degree of success in college. However, the test has also been aligned with the common core standards (which were

developed with the participation of ACT employees). Because material grows more difficult with each test in the suite, the suite can be used to assess pupil performance throughout high school, identify areas for intervention or remediation, and track pupil growth over time.

The final test in the ACT suite is WorkKeys, a job skills assessment intended to assist high school pupils in identifying necessary coursework and provide another indicator for career readiness. ACT offers a "National Career Readiness Certificate" that can be earned by passing three WorkKeys exams: applied mathematics, reading for information, and locating information.

*Federal Flexibility Waiver.* Because Congress has not reauthorized the ESEA since the No Child Left Behind Act in 2001, the U.S. Education Department announced in 2011 that state educational agencies would be invited to request flexibility, under waiver provisions of the ESEA that had been little used previously. Regulatory flexibility for specific provisions of the ESEA would be offered, in exchange for comprehensive state plans for education reforms, including more rigorous college and career-ready academic standards and teacher improvement initiatives. Forty-four states, the District of Columbia, and Puerto Rico requested flexibility waivers. As of August, 2013, 40 states and DC are approved for flexibility, including Wisconsin.

Wisconsin's flexibility waiver allows the state to use different metrics for measuring student and school performance, in lieu of the "adequate yearly progress" system implemented under No Child Left Behind, which demands escalating consequences for schools that fail to meet required proficiency rates on state exams, up to and including school reorganization or closure. Under the waiver, schools and districts are required to meet a different set of annual measurable objectives in language arts/reading and mathematics, and will be measured against an index score that incorporates more indicators of performance, including measures of student engagement including attendance and graduation rates, and other performance and growth metrics. The Education Department required that states applying for flexibility waivers address all of the following: (a) college and career-readiness expectations for students; (b) state-developed differentiated recognition, accountability, and support for schools; (c) meaningful evaluation and support systems for teachers and principals; and (d) reduced duplication and unnecessary burden.

### **Fiscal Impact to the State of Full Implementation of Common Core Standards in English Language Arts and Mathematics**

In contrast to some states, Wisconsin has historically emphasized local control over the content and curriculum taught in public schools. While nearly 40% of annual general fund spending is directed to general school aids and the school levy and first dollar tax credits, there is no direct state funding specifically for costs such as textbooks, classroom materials, or curriculum-related professional development. In Wisconsin, while broad academic subjects are required to be covered in certain grades, local school boards are expected to make specific curriculum and content choices, dependent on community input and parent interest. For example, the statutes specify that each district must maintain a written, sequential curriculum plan in the following subjects: reading, language arts, mathematics, social studies, science, health, computer literacy, environmental education, vocational education, physical education, art and music. However, the district specifies the objectives, course content, and materials to be used for those subjects.

Since the common core was adopted by the State Superintendent in 2010, school districts

around the state have conducted curriculum reviews, obtained materials and conducted professional development for teachers, and reviewed and updated classroom instructional materials, in order to fully implement the new standards by 2014-15. In general, school districts typically review and update their curriculums every five to seven years. With nearly five years in which to fully implement the common core standards, the Department intended to permit school districts to build the common core into the normal cycle of curriculum updates, without incurring costs in excess of what would typically be budgeted for these activities. DPI's implementation plan included three phases, beginning with phase one in 2010-11, which in part: (a) identified necessary changes in teacher preparation, professional development, curriculum, and instruction; (b) developed a framework for designing curriculum; and (c) investigated changes in instruction and alignment with the statewide response to intervention initiative. Phase two involved: (a) further support for local curriculum development; (b) the development of regional networks to provide ongoing professional development; and (c) the identification of high quality instructional strategies and their alignment to the common core. Phase three, currently in progress, aims to: (a) continue to implement changes in teacher preparation programs; (b) provide ongoing assistance with professional development on implementation through curriculum, assessment, and instruction; (c) provide districts with guidance on curriculum implementation; and (d) facilitate collaboration among school districts, institutions of higher education, cooperative educational service agencies (CESAs), professional associations, and multistate partnerships on the integration of common core through changes in instruction.

The state's 12 CESAs have developed a range of resources for sale to school districts to assist with implementing the common core. Many Wisconsin districts, as well as districts and educational agencies in other states, have purchased services and materials developed by the state's CESAs, which include instructional modules for teachers that build in-depth understanding of the standards by grade band, online tools to help educators study the elements of each standard and understand their instructional implications, and curriculum companions to assist school district curriculum teams with alignment to the standards. The fact that other states have purchased these materials points to one advantage of the common core, which is that because they are shared nearly nationwide, the common core promotes the sharing of materials, best practices, and, possibly, certain economies of scale.

While DPI has provided technical assistance and leadership to school districts working to integrate the common core, there is no direct state funding specifically for curricular updates, materials such as textbooks, the preparation and study that precedes curriculum updates, professional development for teachers, or other related costs. Therefore, there is no direct fiscal effect on the state to update district curriculum and teacher practice to align with the common core standards.

In order to estimate a possible range of costs associated with the common core across the country, the Fordham Institute conducted a study to examine both state and local costs to transition to and implement the new standards, including aligning instructional materials to the common core, providing professional development to teachers, and implementing new assessments. Fordham noted that cost projections could vary with the specific approaches states use to implement the common core, finding that a traditional approach of buying new hard-copy textbooks, administering annual paper and pencil standardized exams, and delivering in-person training to all teachers, would likely be the most expensive approach, ranging from \$250 to \$396

per pupil. What the study terms a "bare bones" approach, using entirely online instructional materials and professional development, could hold costs to as little as \$61 to \$134 per pupil, depending on the state. A blended approach, using a mix of textbooks, teacher- or district-produced instructional materials, and open-source digital materials, both interim and summative computer-administered assessments, and using a combination of online modules and a train-the-trainer approach to deliver professional development, Fordham estimates would mean costs in the range of \$109 to \$189 per pupil, depending on the state. The per pupil estimates are based on information gathered by the National Center for Education Statistics, the U.S. Census Bureau, individual states' information for those with direct funding streams for textbook acquisition, a sampling of districts' expenditures for materials, state-reported assessments costs, and prior research and surveys on annual professional development spending. (The study also assumes a certain fixed cost for transition for every state and, therefore, larger states see this cost spread over a larger population of pupils, slightly reducing the per pupil figures.) These cost estimates are for total costs of the transition, which in most cases would span one to three years; they would not represent an annual, ongoing cost. In addition, these estimates do not take into account current levels of spending for instructional materials, assessment, and professional development. Therefore, incremental costs related only to the common core would likely be lower still. The Fordham study estimates that states could cover as much as three-quarters of the transition cost by reallocating existing resources expended for these purposes.

Calculating such figures specifically for Wisconsin, given the decentralized system of school governance in place and the lack of data on individual districts' current and planned activities and expenditures around standards implementation, is not possible. However, the Fordham study estimates aggregate costs, based on student and teacher counts, for Wisconsin could range from \$62.3 million for the "bare bones" approach to \$256.1 million to the most expensive, traditional approach to implementation. The hybrid approach, utilizing at least some technology to facilitate implementation, has an estimated gross cost of \$106.5 million. Pre-common core expenditures, based on averages of available data, for these purposes in Wisconsin are estimated to be \$81.6 million, which results in net costs to implement common core using a hybrid approach of \$25.0 million. At least a portion of districts are using digital instructional materials and online modules for professional development, based on materials developed by and purchased from the state's CESAs, and materials developed by DPI to assist districts with implementation. Therefore, it seems most likely that the hybrid model would approximate Wisconsin's implementation process.

An additional cost to consider, which the Fordham study did not attempt to estimate, is the infrastructure necessary to change to an online, computer-adaptive assessment for all students. At least some Wisconsin school districts have likely required certain technological upgrades in order to administer the new online test, including faster computers, increased Internet bandwidth, additional wiring or other technology investments. However, data is not available on how many districts required upgrades specifically related to Smarter Balanced, the complexity of such upgrades, or the related costs. Many school districts have integrated increasingly advanced computer technology into regular instructional practice over the past two decades, as computer literacy has become an essential skill for college, the workplace, and every day activities. Some dedicated funding has been made available to school districts for this purpose over the years. For example, in 2012-13, 490 public school sites received subsidized broadband Internet access through the state-funded telecommunications access program. Wisconsin provided block grants for technology purchases for several years in the 1990s and early 2000s. Schools are also eligible for

the federal E-rate program, which provides telecommunications services at discounted rates. There is no direct state cost related to school district technology upgrades, because the state has not chosen to specifically fund this cost. Instead, school districts are expected to ensure that necessary capacity will be in place prior to the initial 2014-15 test administration date.

In terms of direct costs to the state, the primary cost related to implementing the common core standards is related to administering a new assessment system that is aligned to those standards, the Smarter Balanced assessment. This new assessment will replace the mathematics, reading, and English language arts portions of the state's current exam, the WKCE, in 3<sup>rd</sup> through 8<sup>th</sup> grades. Estimated total costs to administer the new Smarter Balanced exam is \$9.5 million, beginning in 2014-15. However, the Department requested state funding for \$4.7 million of that total, roughly equivalent to the cost of the exams that are required under state law in 3<sup>rd</sup>, 4<sup>th</sup>, and 8<sup>th</sup> grades. The remaining \$4.8 million in costs to administer Smarter Balanced, in grades that are required under federal law but not by state law, will be funded through DPI's federal ESEA (No Child Left Behind) pupil assessment grant, which is intended to offset costs incurred by states for federally-required pupil assessments.

Smarter Balanced will not replace the Wisconsin alternative assessment for students with disabilities, permitted under federal accountability laws for students whose disabilities prevent them from taking the regular exams. Wisconsin has participated in a consortium to develop the new Dynamic Learning Maps (DLM) test, which will replace the state's current assessment in English language arts and mathematics for students with disabilities. The consortium was awarded a federal grant to develop the test, and the grant includes \$1.3 million to administer the DLM in its first year, 2014-15. In future years, the exam would likely be funded with a combination of state and federal funding. The state's portion is anticipated to be \$690,000, or approximately half, which would represent additional costs beginning in 2015-16.

In addition, with the passage of 2013 Act 20, the state has adopted the ACT as the pupil assessment for accountability purposes for the 9<sup>th</sup>, 10<sup>th</sup>, and 11<sup>th</sup> grades. DPI's costs related to the ACT suite, including purchasing and scoring the assessments, site certification for all high schools in the state, other administrative costs including 2.0 GPR positions, plus a second 9<sup>th</sup> grade administration of the Explore test required under Act 20, will be approximately \$7.4 million.

The direct state costs for pupil assessments aligned to the common core, including only the state-required portions of Smarter Balanced, as well as the ACT suite plus assorted administrative costs directly associated with adopting the ACT, will be an estimated \$12.1 million in 2014-15.

However, DPI's overall expenditures for pupil assessments, including both GPR and federal funding, and including various other testing instruments outside of Smarter Balanced and the ACT, is estimated to total approximately \$23.0 million in 2014-15. This total includes the costs detailed above, as well as: (a) the federally funded portion (\$4.8 million) of Smarter Balanced; (b) operational costs at DPI to administer the assessment program (\$2.2 million); (c) ACCESS for ELLs, the English proficiency test for English language learners (\$1.3 million); and (d) new science and social studies exams (\$2.6 million). Because the common core addresses only English language arts and mathematics, Smarter Balanced will not replace the science and social studies exams required under state law in 4<sup>th</sup>, 8<sup>th</sup>, and 10<sup>th</sup> grades. (A science exam is also required under federal law once each in elementary, middle, and high school.) However, the state's current

contract for the WKCE in all subjects ends with the 2013-14 school year. Therefore, DPI estimated costs to purchase and administer primarily "off-the-shelf" exams as temporary replacements, until new standards, and new assessments aligned to those standards, for these subjects can be developed. DPI will also administer a science exam for students with disabilities, to replace the current alternative test. The social studies portion of the test for students with disabilities is currently administered locally and not funded by the state.

As a point of comparison, for pupil assessments in grades required under state law in 2012-13, DPI estimated costs at approximately \$5.9 million, which was primarily funded with \$4.6 million GPR in DPI's pupil assessments appropriation. Approximately \$300,000 GPR annually is also typically budgeted for pupil assessment-related costs, out of DPI's general program operations appropriation. The remainder of costs for state-required pupil assessments, and assessments required only under federal law, has been funded using the current year's federal assessments grant (typically \$6.9 million annually) as well as carryover funds from previous years' federal assessments grants. For the overall pupil assessment program in 2012-13, DPI estimated that expenditures would total approximately \$12.1 million from all fund sources.

### **Fiscal Impact to the State of Discontinuing Common Core and Adopting Other Standards**

Adoption of the common core standards was voluntary, and Wisconsin could elect to discontinue implementation of the common core standards for English language arts and mathematics. If the common core were discontinued, depending on the timeline for implementing another set of new standards, a significant amount of work at the school district level around the common core would need to be duplicated, including a new round of curriculum reviews, professional development for teachers around instruction, curriculum, and assessments, and an examination of resources and materials, including textbooks, workbooks, software applications and other digital materials, for alignment with the next set of standards. If districts would be expected to complete this work more quickly than the usual five- to seven-year curriculum review cycle, then presumably costs would exceed those amounts typically budgeted for these activities for staff time, materials, and professional development.

However, in order to comply with the terms of the state's ESEA flexibility waiver, DPI would need to adopt an alternative set of college and career ready standards, and an assessment system aligned to those standards, if it were to abandon the common core. There is no other set of standards, aside from common core, that has been adopted by a large number of other states, which is the first criterion specified by the Education Department for standards to be considered "college and career ready." Other individual states were considered to have developed high quality state standards prior to the common core, and the College Board has published the "College Board Standards for College Success" or CBSCS. However, it is not clear whether these sets of standards would meet the second federal criterion to be college and career ready, which requires that a set of standards be approved by the state's institutions of higher education as adequate to ensure that high school graduates would not require remedial work at the postsecondary level.

Alternatively, Wisconsin could develop a new set of standards specific to the state, which could take one or two years, depending on the development process chosen and the length of time permitted to gather feedback from school districts, parents, teachers, outside education experts, and institutions of higher education, on the initial drafts of the standards. The cost of conducting such a



process is indeterminate.

However, if a different set of standards were either developed or adopted, there would not be a comprehensive assessment system, including formative, benchmark, and summative assessments, that would be readily available and aligned to those new standards. Rather, Wisconsin would likely need to develop a new assessment in order to evaluate a set of standards that would differ significantly from the common core. The overall cost to develop and administer an all-new, valid and reliable assessment for grades 3 through 11 is unknown, but would depend in part on whether the new test would also be a "next generation" computer-adaptive assessment like Smarter Balanced.

In order to estimate possible costs for a customized assessment, it may be illustrative to examine the development and administrative costs incurred by DPI for the WKCE. Under No Child Left Behind, Wisconsin was required to develop a new version of WKCE by 2005-06, which was developed and administered by DPI and CTB/McGraw-Hill under a 10-year contract. The first two years of the contract were for test development, and beginning in 2005-06, also covered printing, scoring, and reporting the exams, as well as continuing development of test questions. Customized tests such as the WKCE, which was specifically aligned to Wisconsin's state academic standards, need to be continually evaluated for standards alignment, scoring of student constructed responses, and bias. Cost estimates by CTB for administering the test under the contract ranged from an initial estimate \$7.6 million annually, up to \$15.0 million annually, with the fluctuation driven in large part by the need for ongoing development activities, evaluation, and test item development. DPI negotiated with the company to make payments of \$10.0 million in 2005-06 and \$8.0 million annually for the remaining eight years of the contract (for a total of \$84.5 million, including the first two years of development costs), although that figure did not include additional costs related to the alternative assessments for students with disabilities, also developed through a contract with CTB. Also, the \$8.0 million cap on contract payments somewhat limited the test development services available to DPI and the types of test questions used; for example, fewer constructed-response or short-answer questions, on a paper and pencil test, make the test less expensive to score. A computer adaptive test is less costly and time-consuming to score, but, in general, is more expensive to develop.

It is unclear what system of assessment would be in place in Wisconsin while new standards and assessments were developed. State and federal accountability provisions require testing each year. The state's prior model academic standards, with which the WKCE is aligned, are not considered college and career ready. Therefore, it appears that the state could not use the prior set of standards, and continue to administer the WKCE, without jeopardizing its ESEA flexibility waiver.

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cc: Governor Scott Walker  
Members, Wisconsin Legislature  
State Superintendent Tony Evers